HSBC GIF Multi Strategy Target Return

The next generation of flexible multi-asset funds

HSBC
Global Asset
Management

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Benefits for wealth clients

"MSTR" an innovative, 'one-stop-shop' solution designed to be a core holding in wealth client portfolios

Markets are volatile and uncertain

wealth clients need flexible & diversified solution to better navigate this environment

MSTR is designed to wealth clients who want

to outsource their asset allocation to invest in a flexible portfolio that delivers long term returns while protecting capital

MSTR's strengths

It offers a large investment universe in many asset classes in both developed and emerging markets

It combines directional and non-directional sources of return to improve diversification

Track record has been positive since inception

- Ahead of most competitions
- Able to capture upside in equity market rallies
- Avoids downside, capturing only 23% of equity market drawdown since inception

Source: HSBC Global Asset Management, data as at 30 December 2020. The above mentioned objectives are to be considered on the recommended minimum investment period and do not constitute a commitment from HSBC Global Asset Management; there can be no assurance that the strategy of the fund will achieve this objective. The views expressed above were held at the time of preparation and are subject to change without notice. **The performance figures relate to the past performance which should not be seen as an indication of future returns. The capital invested in the fund can increase or decrease and is not guaranteed. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. The performances are displayed gross of costs. The application of the fees will have the effect of reducing the performances presented.** Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

The next generation of flexible funds

Fund highlights*

Hover over buttons for more information

Objectives

Morningstar**

3y+ track record

Correlation

Diversified exposure across asset classes, with an investment approach that enhances portfolio resilience to deliver more stable returns over the long term

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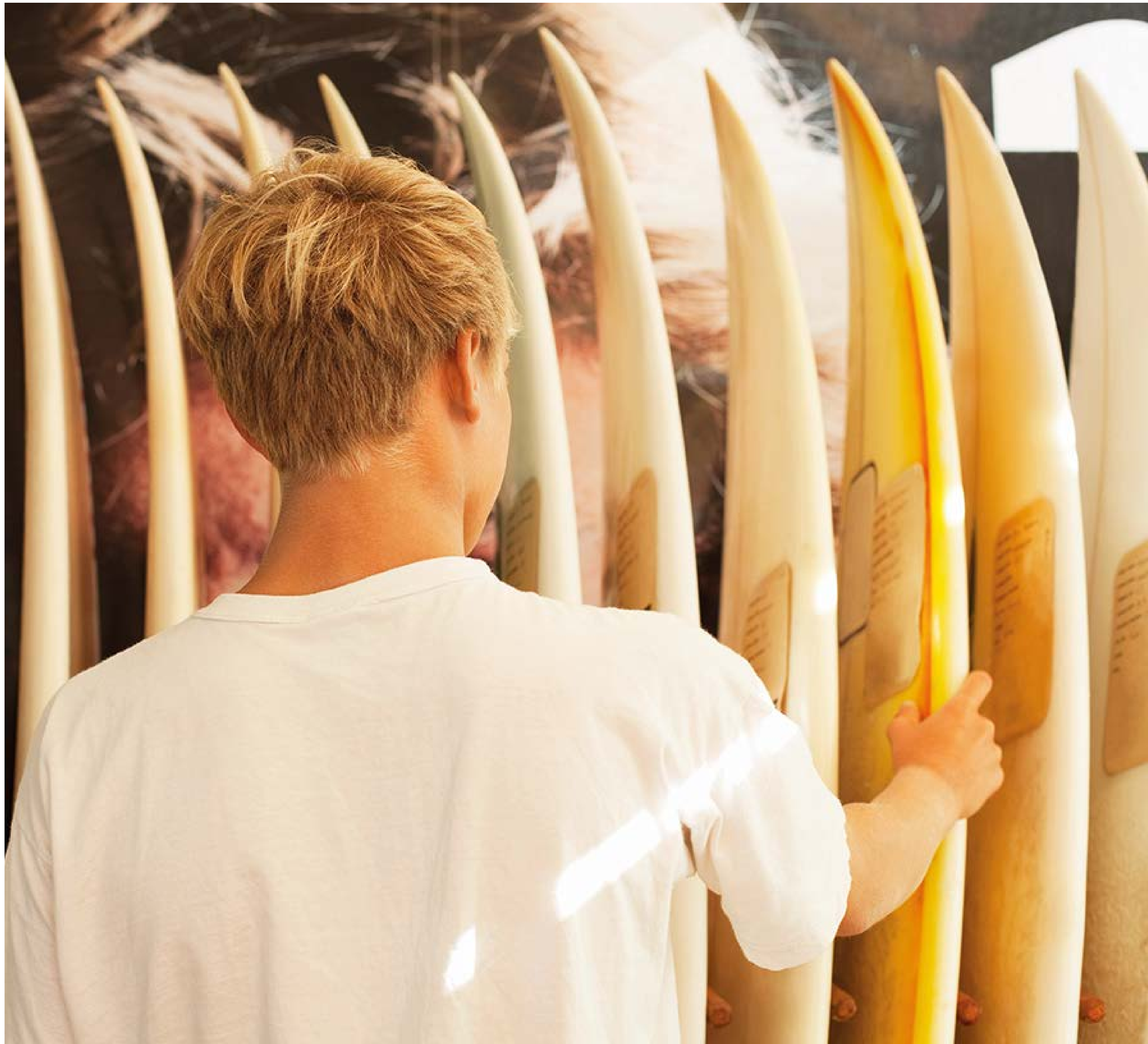

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The next generation flexible funds

A flexible solution suitable to protect and grow your clients' long term wealth

Hover over buttons for more information

Improved diversification

Well balanced

Downside risk management

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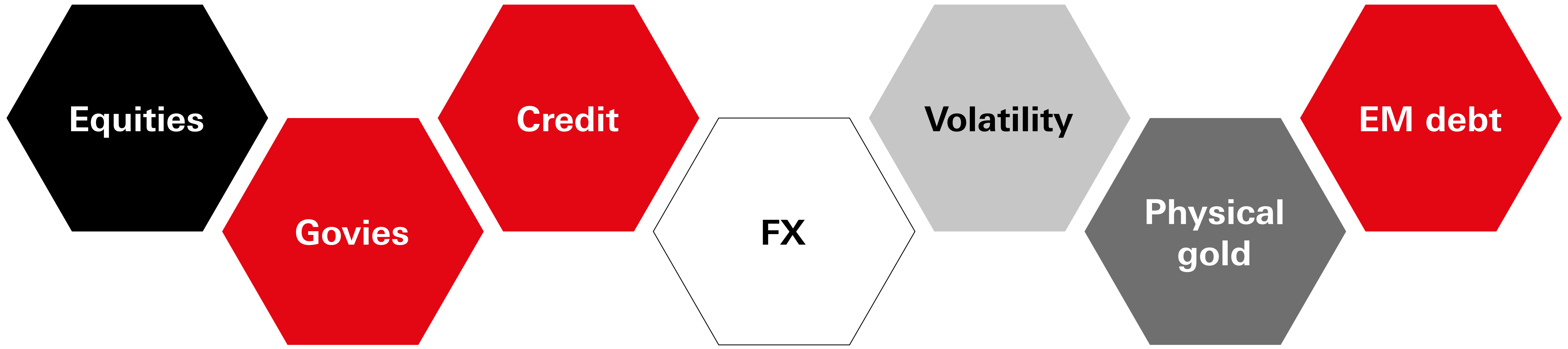
A broad set of opportunities

Globally invested across developed and emerging markets, with exposure to a broad range of asset classes



The asset allocation combines a flexible directional strategy with a market-neutral strategy, which is less dependent on market direction

HSBC GIF Multi Strategy Target Return	
Directional strategy **2/3 risk contribution**	Non directional strategy **1/3 risk contribution**

- These 2 strategies are combined using a risk controlled framework
- Both strategies are weakly correlated which significantly improves diversification and the risk/return profile over the long term

Source: HSBC Global Asset Management. For illustrative purposes. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Unconstrained and flexible management

A flexible solution suitable to protect and grow your clients’ long term wealth

Asset class ranges

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…with limited downside risks

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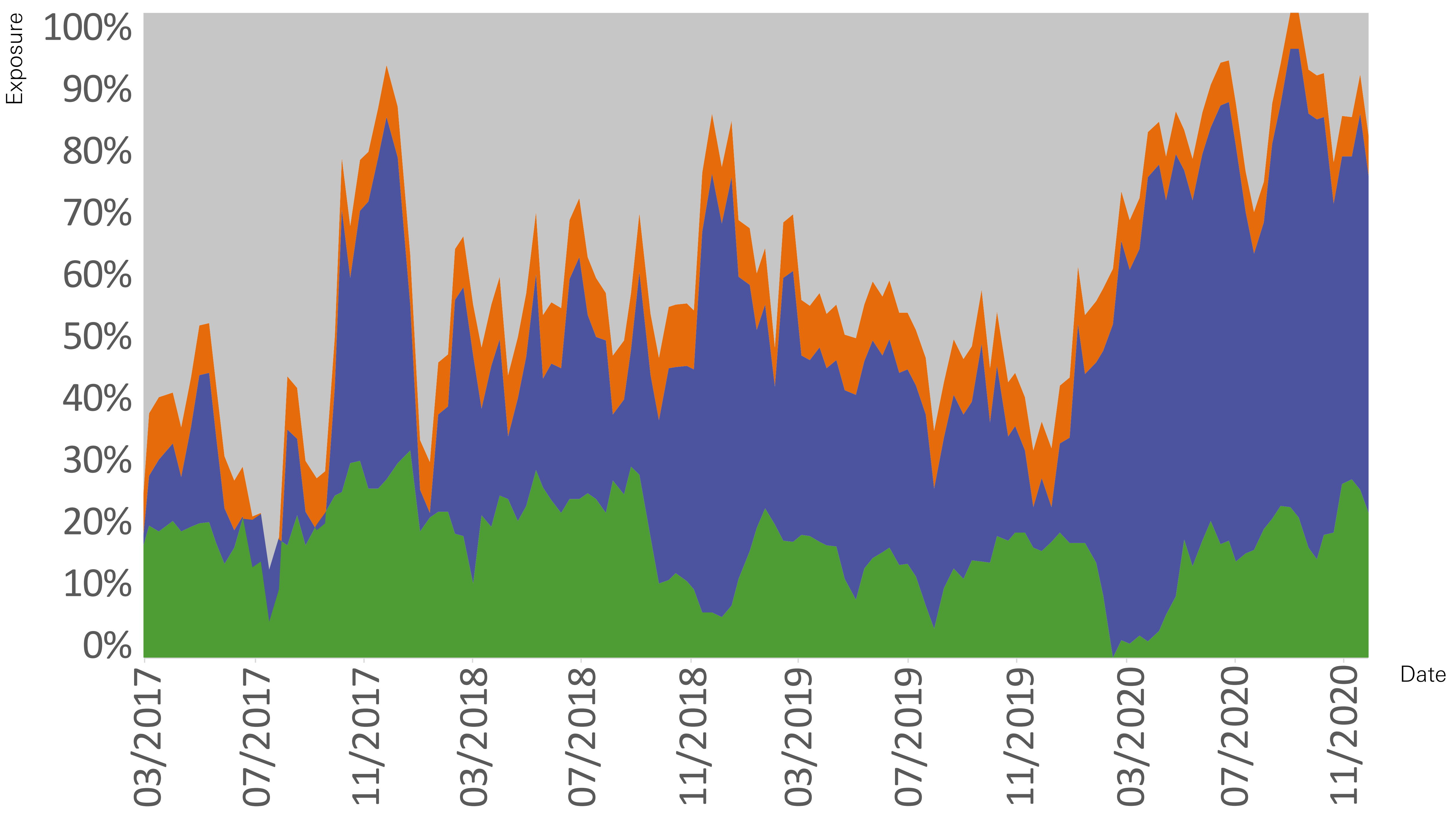
The directional bucket is actively managed across various asset classes, and economic regions

Evolution of the main asset class exposures since launch



Click the box

X Cash

X Bonds

X Equities

X Gold

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Source: HSBC Global Asset Management, data as at 30 December 2020.

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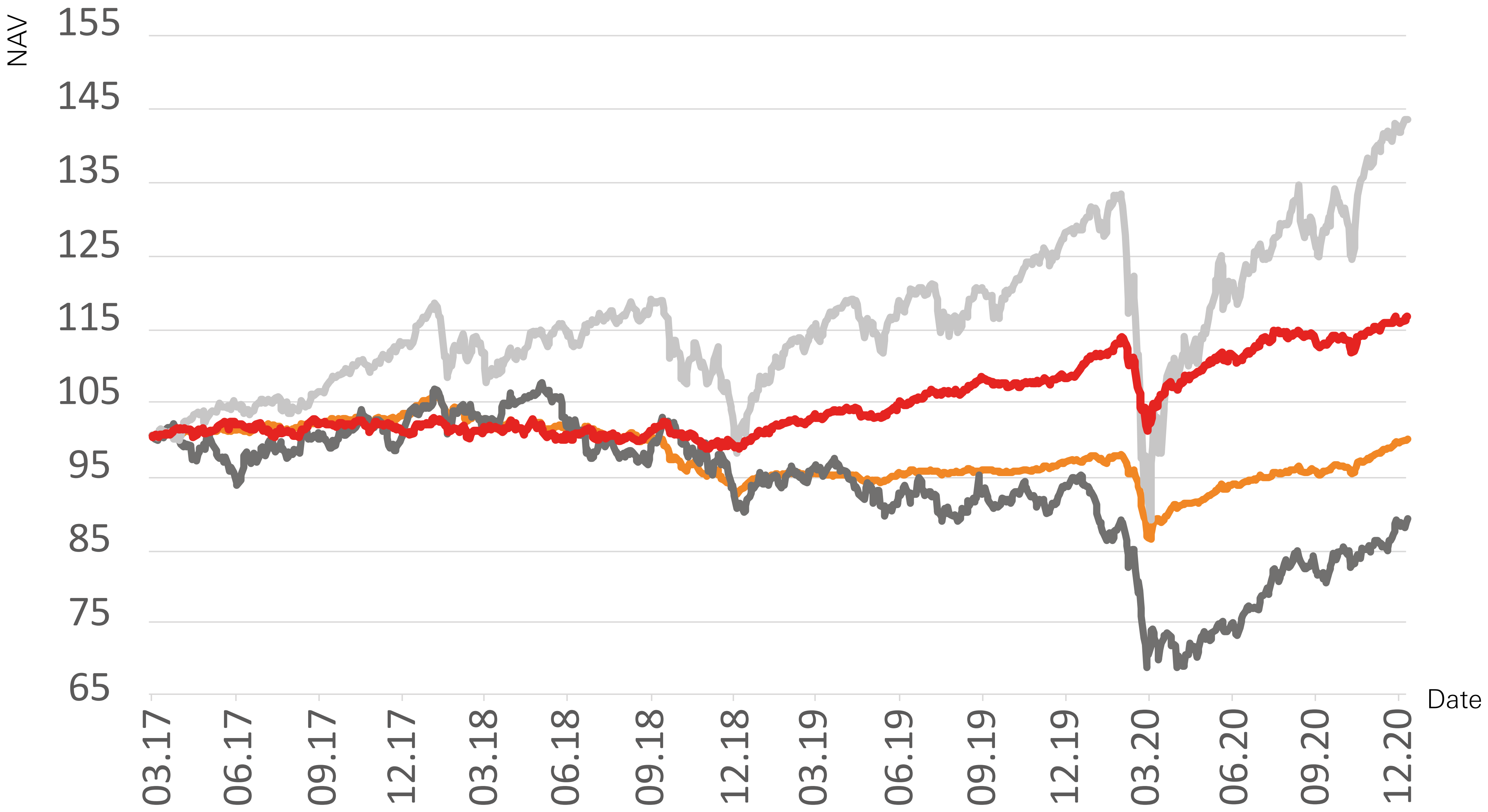
A robust track record since inception…

HSBC GIF Multi Strategy Target Return seeks to deliver stable and positive returns over the medium to long term whether financial markets are rising or falling

Since its launch in March 2017, the strategy has produced a positive return despite a difficult environment in 2018 and 2020. On a risk-adjusted basis, it has outperformed almost all standards asset classes

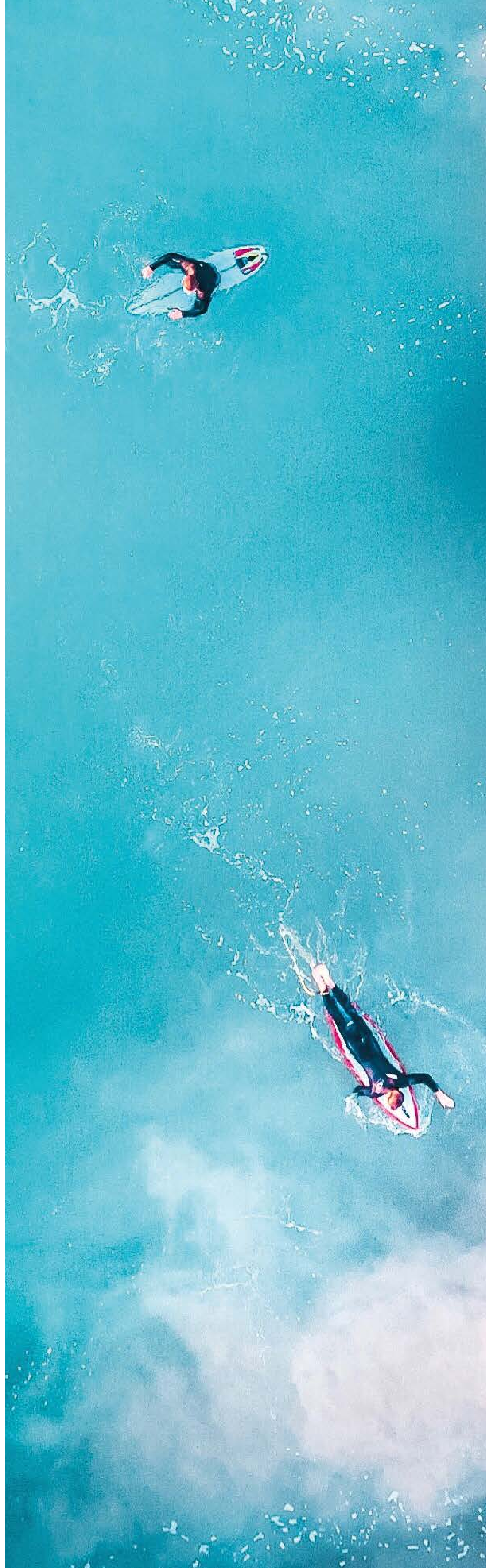
Performance of the strategy since inception



Click the box

- X HGIF MSTR
- Global Aggregate
- X Global Equities[1]
- X Commodites[4]
- EM Equities[2]
- X Hedge Fund[5]

The performance figures relate to the past performance which should not be seen as an indication of future returns. The capital invested in the fund can increase or decrease and is not guaranteed. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. The performances are displayed gross of fees and in excess of cash.
The application of the fees will have the effect of reducing the performances presented. Index: 1. MSCI World EUR Hedged, 2. MSCI Emerging Markets EUR, 3. Bloomberg Barclays Global Aggregate Bd Hedged EUR, 4. Bloomberg Commodity Index TR EUR Hedged, 5. HFRX Global Hedge Fund EUR. Source: HSBC Global Asset Management, data from 21 March 2017 to 30 December 2020. The commentary and analysis presented in this document reflect the opinion of HSBC Global Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Global Asset Management. Consequently, HSBC Global Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document.



A robust track record since inception…

Performance of the strategy

	2020	2019	2018	3 Years	Since launch 21/03/2017	Since launch 21/03/2017 (Annualised)
HGIF MSTR (gross of fees)	**7.07%**	**9.16%**	**-1.82%**	**14.74%**	**14.54%**	**3.66%**
Euribor 3M	-0.41%	-0.35%	-0.32%	-1.08%	-1.33%	-0.35%

Average monthly return

From 31.03.2017 to 30.12.2020 (gross of fees, in excess of cash)	**# month**	**HGIF MSTR**	**MSCI World EUR Hedged**	**Difference**
All period	45	0.34%	0.88%	-0.54%
Upside in equity markets	33	1.15%	2.92%	-1.77%
Downside in equity markets	12	-1.13%	-4.73%	3.60%

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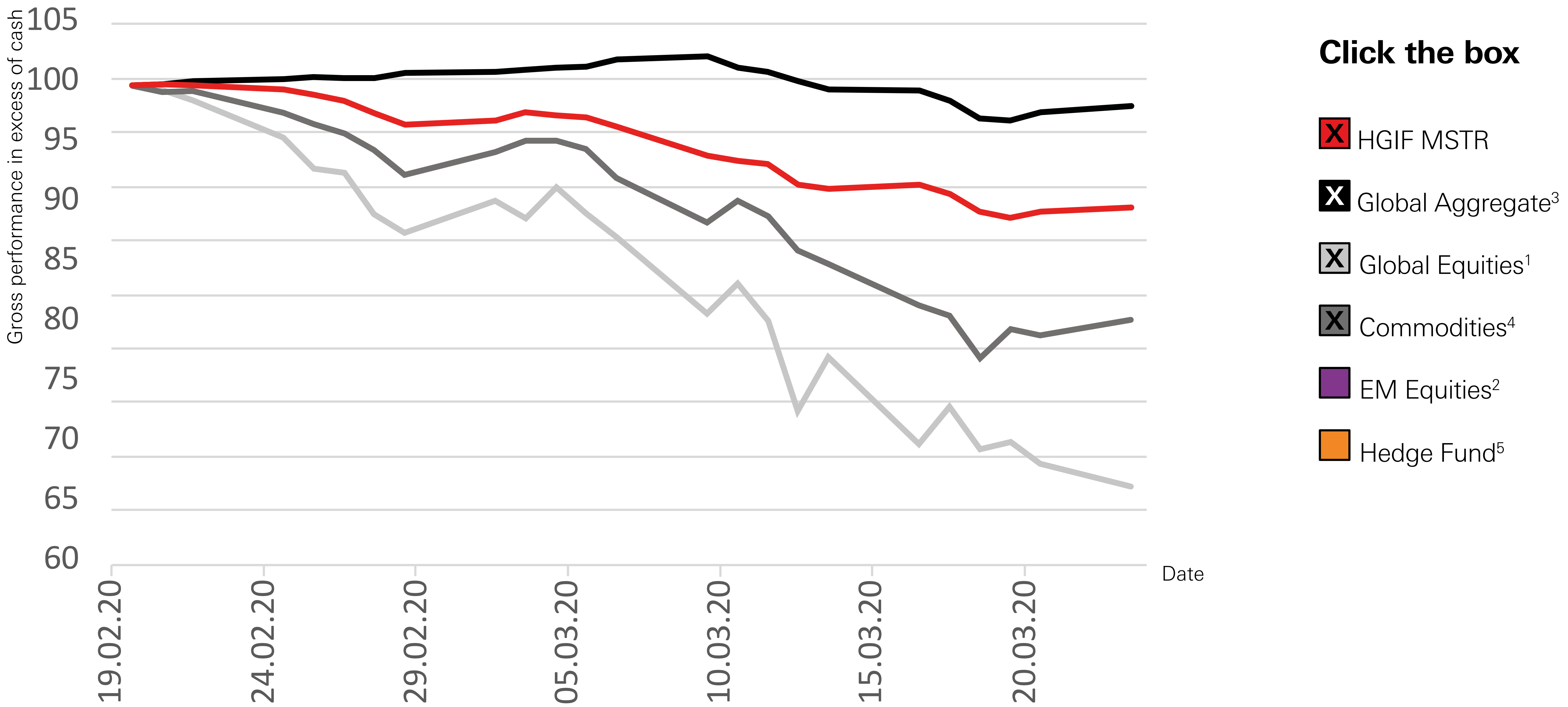
…with limited downside risks

The fund demonstrated its ability to capture market rallies while limiting downside risk

In Q1 2020, the fund strongly resisted the downturn in the equity markets, outperforming the vast majority of asset classes and a traditional "balanced" allocation

2020's Drawdowns of the main asset classes vs HGIF MSTR



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Source: HSBC Global Asset Management, data from 19 February 2020 to 23 March 2020. The commentary and analysis presented in this document reflect the opinion of HSBC Global Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Global Asset Management. Consequently, HSBC Global Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document.

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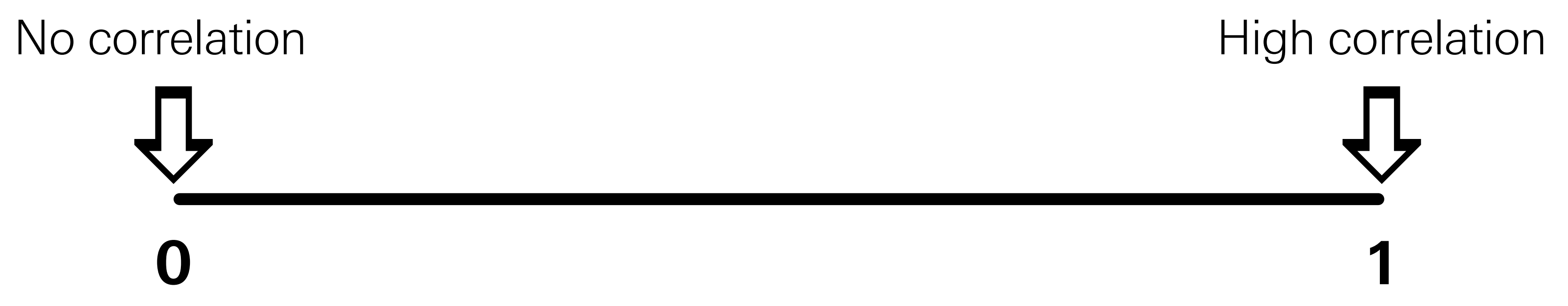
Effective diversification

A moderate correlation to traditional asset classes makes it an ideal core holding in client portfolios

HSBC GIF Multi Strategy Target Return

Global Equities	EM Equities	Global Sovereign	Global Corporate	High Yield	Oil	Gold	Hedge Fund
0.42	0.51	-0.03	0.26	0.49	0.31	0.19	0.5



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Source: HSBC Global Asset Management, data as at 30 December 2020.

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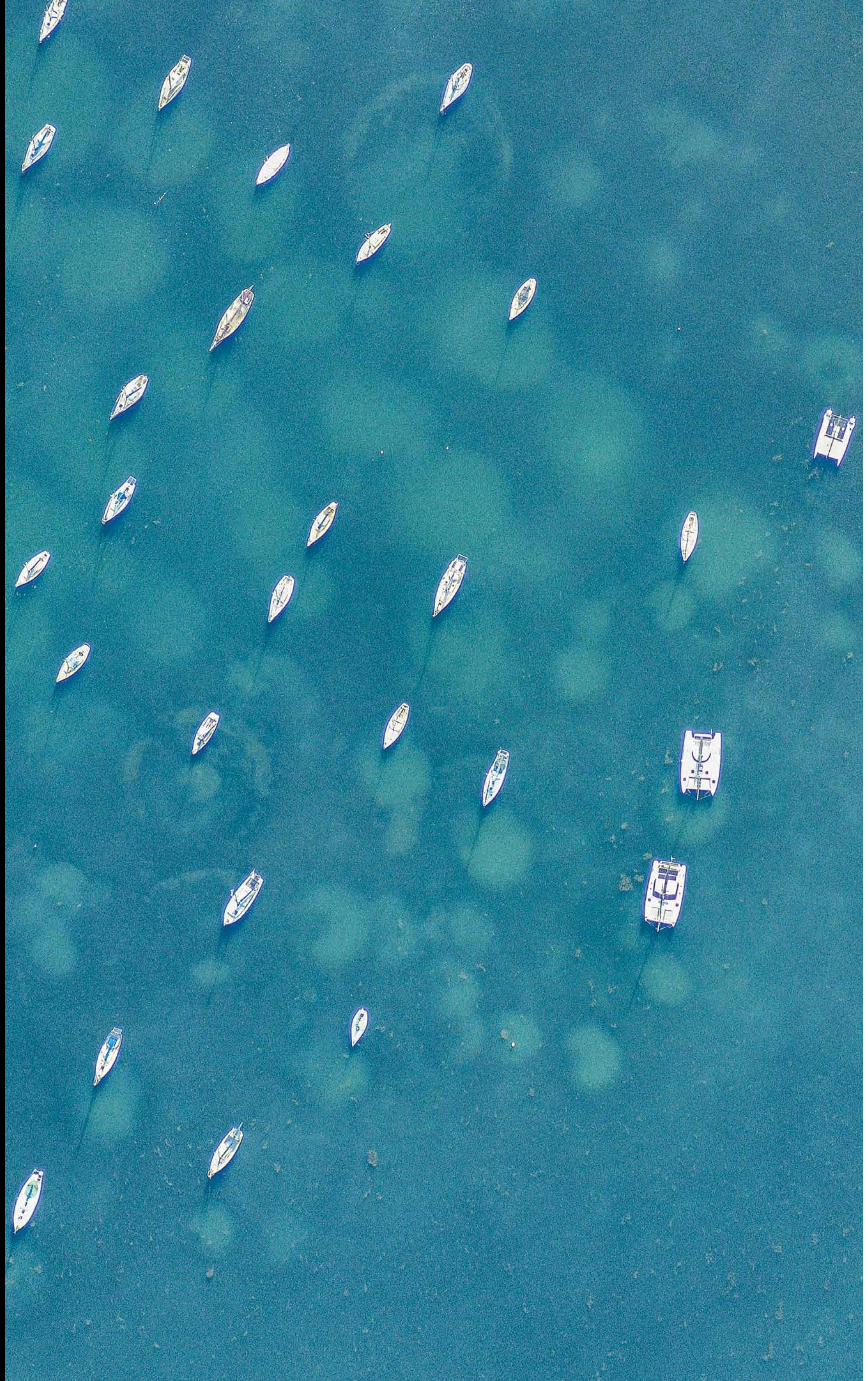

More information

Stéphane Mesnard has been a multi-asset fund manager since November 2012 and he has been working in this sector since he joined the HSBC group in 2005. Before taking up his current position, he worked in the financial engineering department at Louvre Gestion (formerly Banque du Louvre), an investment management firm dedicated to the HSBC group's private banking activities in France. He earned a Master's degree in finance from Paris II – Panthéon Assas University and qualified as a Chartered Financial Analyst (CFA) in 2009

Multi-asset investing is a core part of HSBC Global Asset Management's activities. We have over 20 years of experience in managing multi-asset investment solutions designed to meet our clients' long-term financial objectives and manage more than USD 133.9bn of assets.
All of our multi-asset investment teams share a common philosophy that is globally consistent, systematic and repeatable, combining quantitative and qualitative inputs in a considered way. Throughout our process, we maintain a focus on risk management, applying three independent levels of risk management and oversight across all of our investments.
The multi-asset platform is comprised of over 80 investment professionals across five key offices and includes two global research teams.

Data as at end 30 September 2020.

Administrative details

Characteristics

Legal form	Luxembourg SICAV, UCITS - HSBC Global Investment Funds (HSBC GIF)
Launch date	21 March 2017
Management fees	I share class: 0.75% A share class: 1.50%
Subscription / redemption fees	Up to 3.1% maximum / No
ISIN codes	IC EUR share: LU1574280472 AC EUR share: LU1655449863
Dealing	Daily at 10.00 a.m. Luxembourg time on a dealing day
Valuation	All securities are priced daily using 5:00 p.m. prices (Luxembourg time) except for IRS which are priced daily using 5:00 p.m. prices (New York time). The NAV is released on Trade Day + 1.
Management company	HSBC Investment Funds (Luxembourg) SA
Investment advisor	HSBC Global Asset Management (France)
Custodian / Transfer agent	HSBC Continental Europe, Luxembourg
Risk & Reward Profil*	Lower risk — Higher risk Typically lower rewards — Typically higher rewards 1 2 3 **4** 5 6 7
Recommended investment horizon	3 years minimum

*The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future.The value of an investment, and any income from it, may fall as well as rise, and you may not get back the amount you originally invested. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.
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The fund uses the swing principle calculation method which determines the net asset value of the fund. Swing pricing allows investment funds to pay the daily transaction costs arising from subscription and redemptions by incoming and outgoing investors. The aim of swing pricing is to reduce the dilution effect generated when, for example, major redemptions in a fund force its manager to sell the underlying assets of the fund. These sales of assets generate transaction costs and taxes, also significant, which impact the value of the fund and all its investors. Characteristics and weightings are for illustrative purposes only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.
Before subscription, investors should refer to the Key Investor Information Document (KIID) of the fund as well as its complete prospectus available on request from HSBC Global Asset Management, the centralizing agent, the financial department or the usual representative. For more detailed information on the risks associated with this fund, investors should refer to the prospectus of the fund.

Main risks associated to the fund

It is important to remember that the value of investments and any income from them can go down as well as up and is not guaranteed

- Credit risk: Issuers of debt securities may fail to meet their regular interest and/or capital repayment obligations. All credit instruments therefore have potential for default. Higher yielding securities are more likely to default.
- Equity risk: portfolios that invest in securities listed on a stock exchange or market could be affected by general changes in the stock market. The value of investments can go down as well as up due to equity markets movements.
- Interest rate risk: as interest rates rise debt securities will fall in value. The value of debt securities is inversely proportional to interest rate movements.
- Foreign exchange risk: where overseas investments are held, the rate of exchange of the currency may cause the value to go down as well as up.
- Emerging market risk: investments in emerging markets have by nature higher risk and are potentially more volatile than those made in developed countries. Markets are not always well regulated or efficient and investments can be affected by reduced liquidity.
- Derivative risk: the value of derivative contracts is dependent upon the performance of an underlying asset. A small movement in the value of the underlying can cause a large movement in the value of the derivative.
- Counterparty risk: the portfolio is exposed to Over the Counter (OTC) markets for all or part of its total assets. The portfolio will therefore be subject to the risk that its direct counterparty will not perform its obligations under the OTC transactions and that the fund will sustain losses.
- Volatility risk: volatility risk is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor. It usually applies to portfolios of derivatives instruments, where the volatility of its underlyings is a major influencer of prices. In option pricing formulas, the volatility risk is showing the extent to which the return of the underlying asset will fluctuate between now and the option's expiration. The use of volatility futures (ie. VIX future) could expose (hedge) the portfolio to (against) the volatility fluctuation.
- Model risk: model risk occurs when a financial model used in the portfolio management or valuation processes does not perform the tasks or capture the risks it was designed to. It is considered a subset of operational risk, as model risk mostly affects the portfolio that uses the model.
- Commodity risk: commodity risk refers to the uncertainties of future market values caused by the fluctuation in the prices of commodities. The future price of a commodity can be affected by various factors affecting regulatory or political changes, seasonal changes, technological advancements, etc...
- Gates: The fund has a redemption threshold (gate), the level at which the manager of an undertaking for collective investment in transferable securities can stagger the redemption of securities instead of proceeding immediately.
- Swing Pricing: "Swing pricing" is a price adjustment mechanism intended to protect the unitholders, or shareholders, of a collective investment undertaking (UCI) against the transaction costs borne by this UCI due to new subscriptions or new buyouts. These transaction costs include, but are not limited to, broker commissions (for equities), the spread between the bid and ask prices (for interest rate products), taxes on financial transactions, fees transactions taken by the depositary, etc.

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France Website: www.assetmanagement.hsbc.com/fr

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